

CITY OF NEW ORLEANS

Emergency Budget Meeting

March 28, 2013



- Cut Smart, Reorganize, & Invest
- Doing More With Less
- City is Investing More per City Inmate
- Impact of Sheriff Consent Decree

Landrieu administration budgeting practice is to cut smart, reorganize, and invest



Cut Smart

Reorganize

Invest

- Eliminate services that are duplicative or better delivered through other agencies or private entities
- Combine, consolidate, and or streamline departments with similar or redundant services
- Increase funding in services that have effective service delivery but still don't meet citizen demands

- Reduce service level or eliminate service all together if citizen demand is low or nonexistent
- Develop or increase partnerships with public and or private entities to improve service delivery
- Fund projects that improve departmental effectiveness and efficiency
 - E.g., technology or business process improvement projects



We've Cut Smart...

Cut Smart Reorganize Invest

- Citywide we continue to reduce the reliance on contractors for daily operations
 - Ended MWH contract saving \$11M
 - Saved a combined \$8.5M in 2011 and 2012 by renegotiating all sanitation hauling contracts and our landfill contract;
 - Saved \$2M on contracted staff augmentation IT services
 - Closed Xerox copy center saving \$100k in 2010 (\$400k annually)

- Replaced 75% of general fund for Capitol Projects with federal funding
- Transitioned delivery of primary and Dental Care to private sector, reducing health department by 48 employees
- Reduced fuel expenditures by eliminating take home cars
- Reduced debt service by refinancing

- Eliminated 16 boards or commissions
- Canceled over \$6M in housing contracts
- Shifted retirees from city health care to Medicare, saving \$5M per year
- Cut overtime expenditures from \$29.2M in 2009 to \$12.2M in 2011
- Eliminated Human Service Department management positions



We've Reorganized...

Cut Smart Reorganize Invest

- Created deputy mayor system
- Reorganized NOPD districts; doubled homicide unit; created COCO Sergeants
- Merged
 Environmental
 Health with Code
 Enforcement
- Revised policies to improve sanitation fee collections

- Created OPA and STAT programs
- Addressed retirement costs by increasing city and employee contributions and making cost-saving plan changes (NOMERS and Police)
- Consolidated management of Canal Street Development Corp, Rivergate, and Piazza D'talia

- Transformed
 Customer Service
 by implementing
 NOLA 311 and
 One-Stop-Shop
 Permitting
- Reformed the Public Belt Railroad
- Created a public private partnership for NORD
- Created a public private partnership for NOLA Business Alliance



...and we've Invested in priority areas

Cut Smart Reorganize Invest

- Increased appropriations for Police, Fire, and EMS by 18%
 - NOPD 16.1% increase from 2010 to 2013 (\$109.2M to \$126.8M)
 - NOFD 16.8% increase from 2010 to 2013 (\$72.7M to \$84.9M)
 - NOEMS 49.4%
 increase from 2010 to 2013 (\$7.9M to \$11.8M)

- Investment in NOPD Consent Decree (\$7M in 2013)
- Invest in new Police Cars (\$5M) with FEMA funds
- Continued investments in the Innovation Team has resulted in at least \$6M in captured value
 - I.e., reduced costs or improved revenue
- Fully funded Supplier Diversity initiative

- Increased staffing of real estate office to collect leases and sell assets
- Ramped up collections initiative by increasing staff
- Invested in field agents for revenue department which led to increased revenue collections
- Increased investments in ABO prosecution
- Hired more parking control officers and tow truck drivers



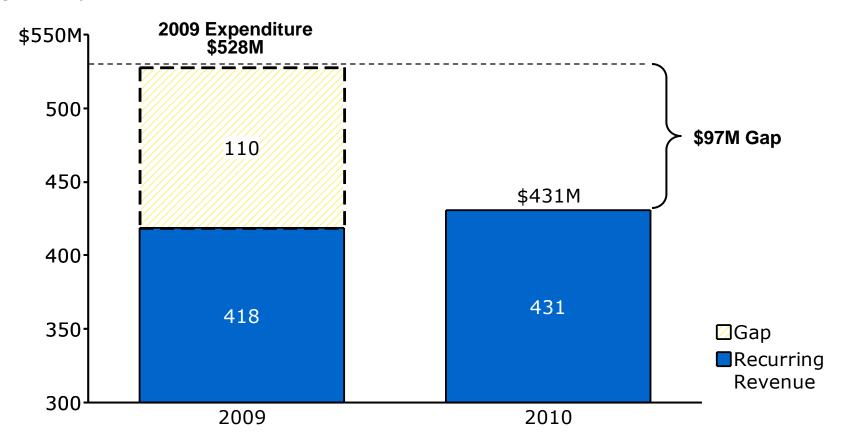
• Cut Smart, Reorganize, & Invest

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The Landrieu Administration addressed an inherited \$97M spending gap



Budget Comparison

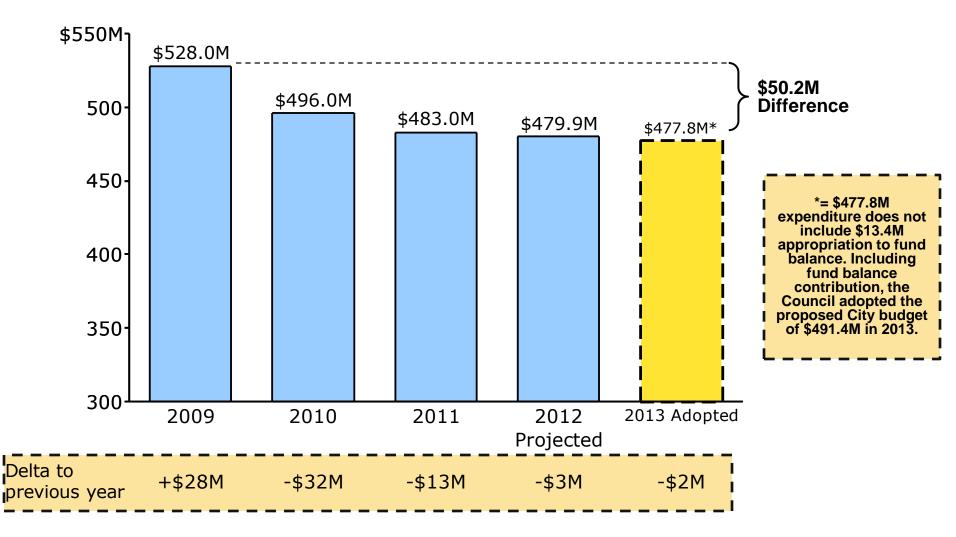


Note: One-time revenue sources not included in chart

First step to eliminating gap was to reverse the spending trend



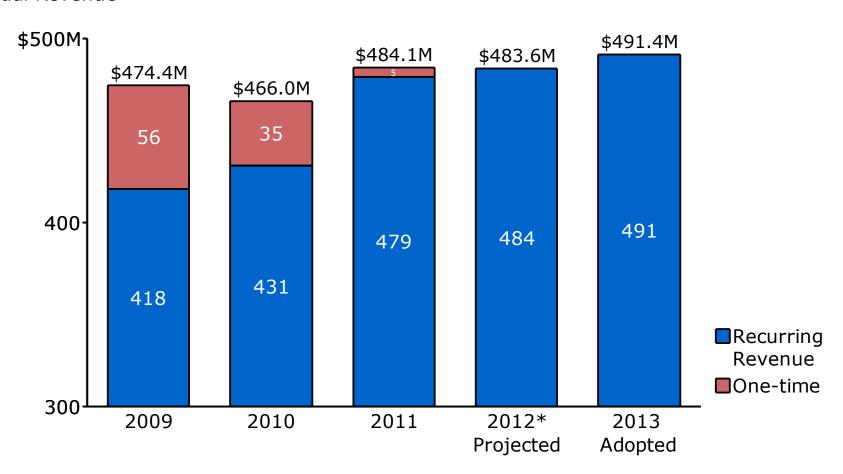
Annual Expenses



Second step was to reduce the reliance on one-time monies to balance the budget



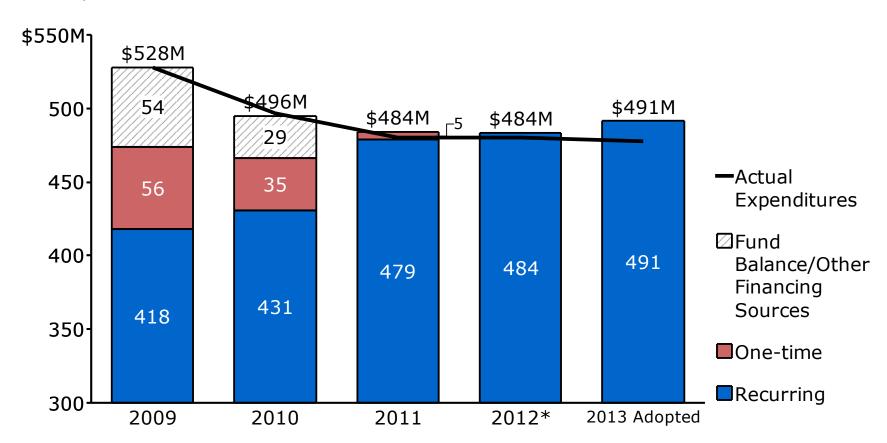
Annual Revenue





We are now living within our means

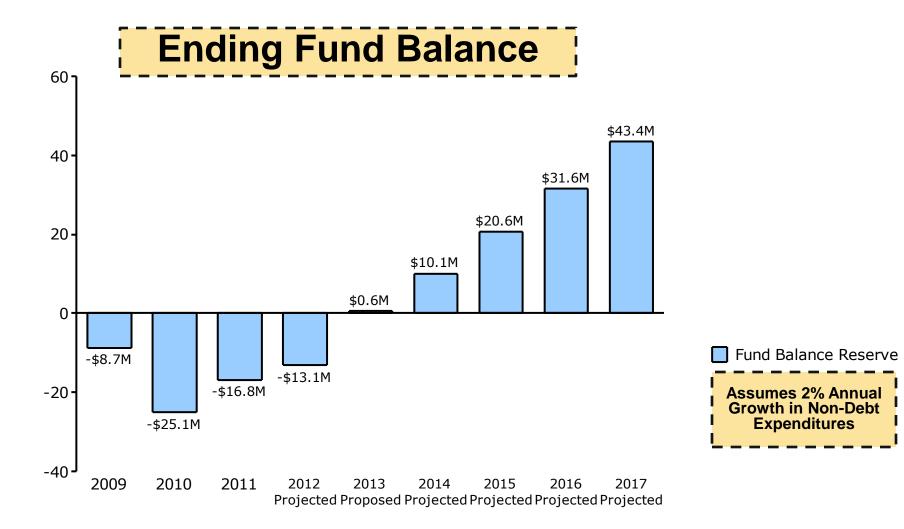
Historical Expense vs. Revenue



2013 Actual Expenditure line does not include \$13.4M appropriation to fund balance as that is not an expenditure on operations. Including fund balance contribution, Council adopted a budget of \$491.4M in 2013.

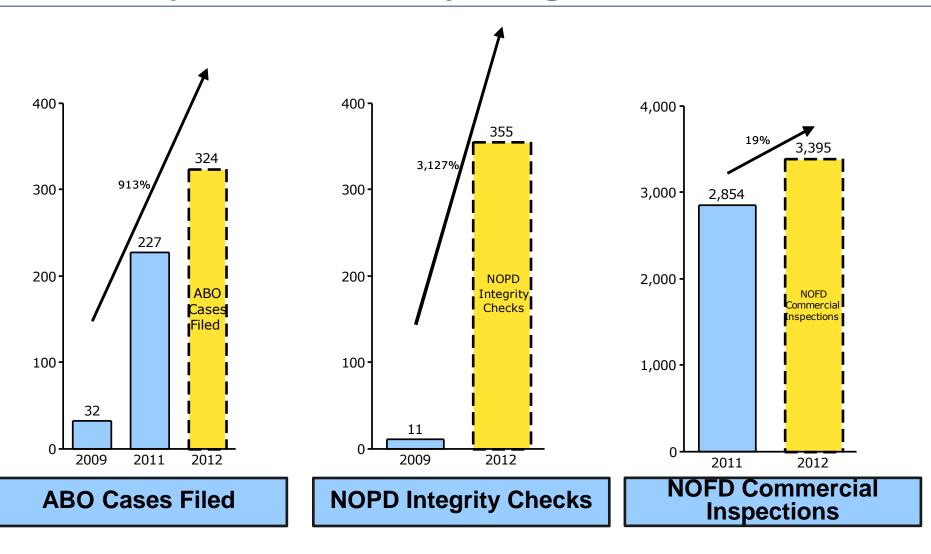
We have eliminated excess spending and have a plan to build reserves





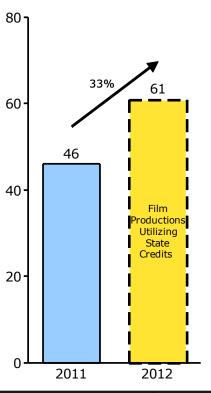


NOPD performance is improving

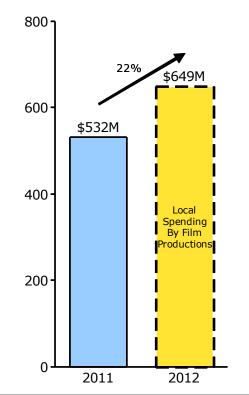


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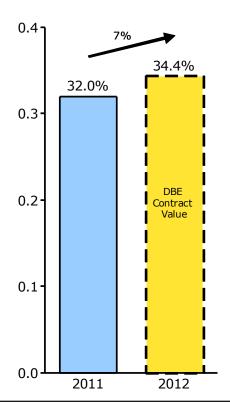
Economic Development activities have resulted in more local spending and more contracts going to DBEs



Films Using State Credits



Local Spending by Film Productions

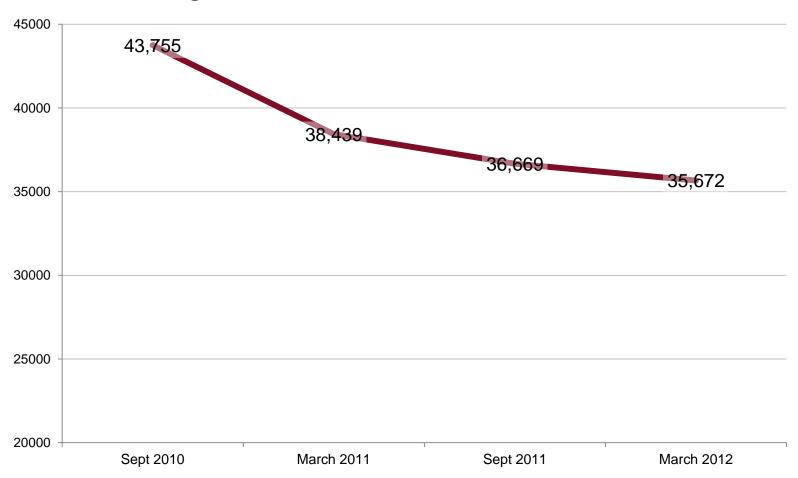


City Contract Value Awarded to DBEs

Blighted properties have been reduced by ~8k in J less than 2 years



Blighted residential addresses or vacant lots

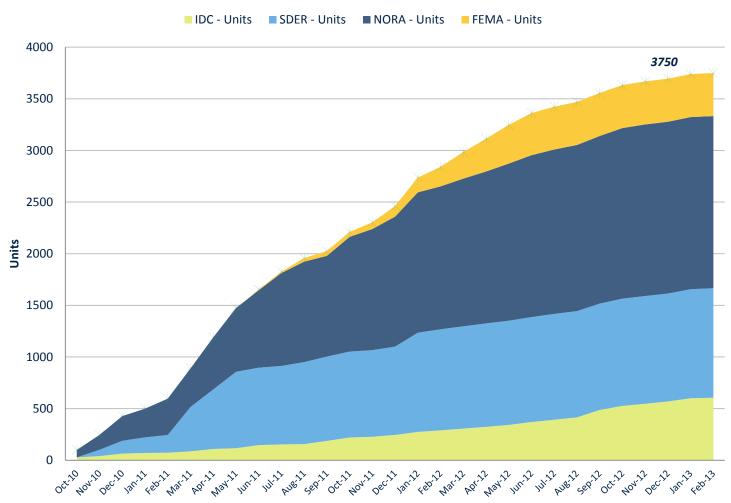


Source: HUD Aggregated USPS Administrative Data on Address Vacancies, GNOCDC 2012



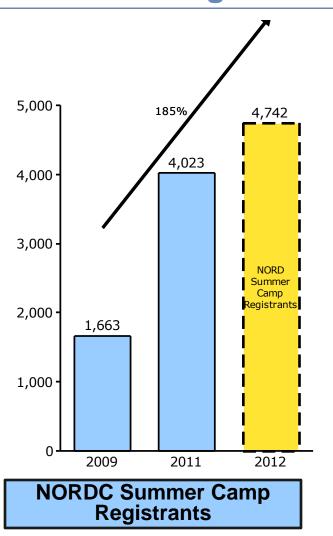
The City has demolished nearly 4,000 properties

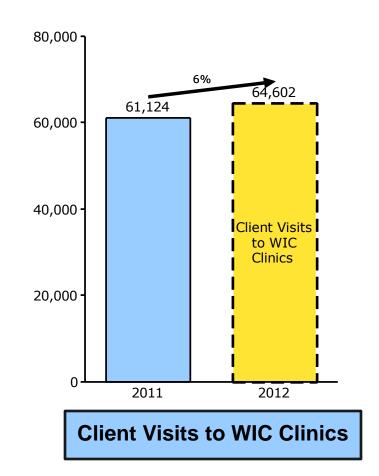
Cumulative Demolitions since Oct. 2010



Source: Demolitions reported by Program (Contractor): FEMA (SAIC), SDER (DRC), NORA (BBEC/CDM), IDC (Durr),

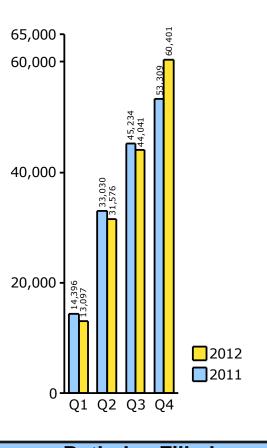
Participation in Recreation & Health opportunities is increasing

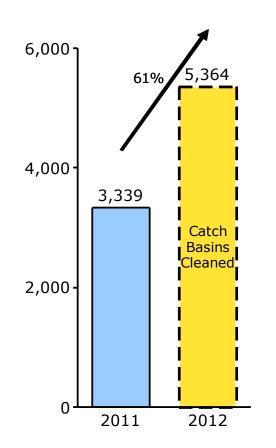


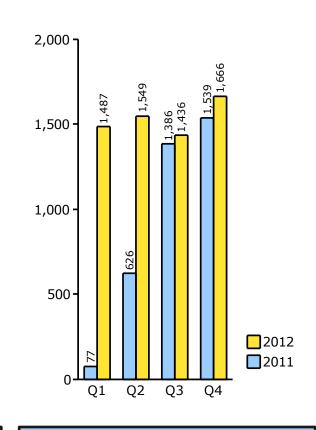




Quality of Life indicators are also improving







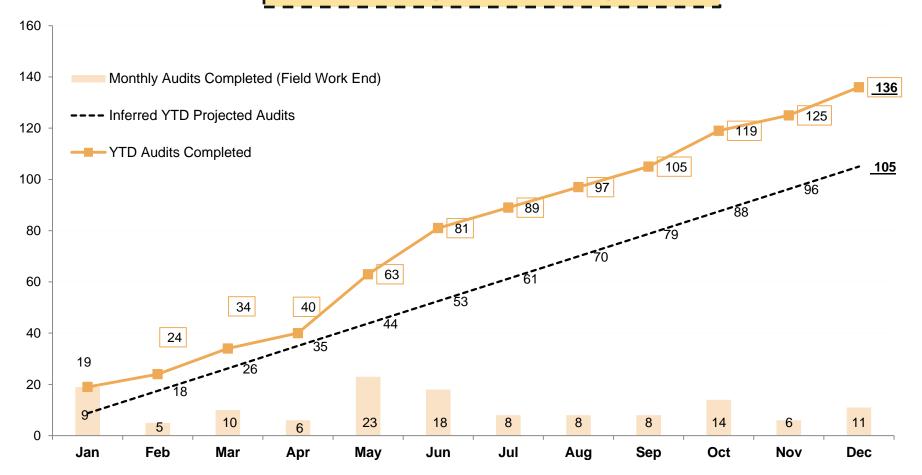
Potholes Filled (Cumulative)

Catch Basins Cleaned

Illegal Dumping Sites Cleared (Cumulative)

Audit activities have increased over the past two years

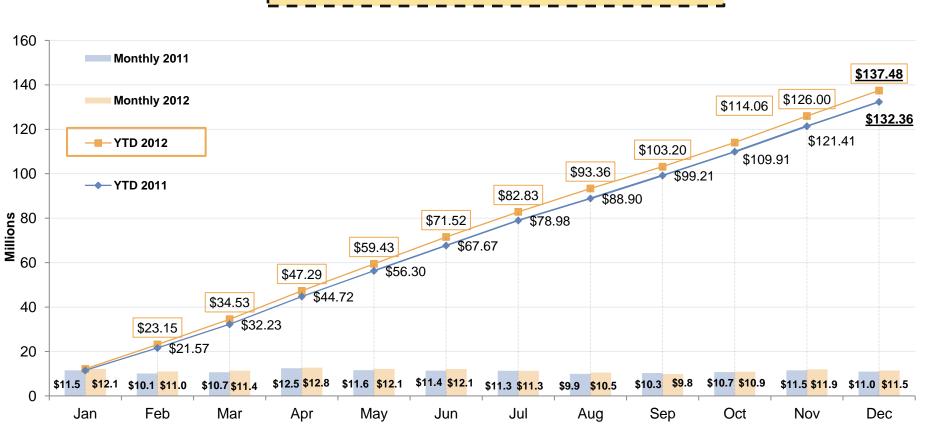
Audits have exceeded target by 30% (2012 vs. 2011)





Sales Tax collections have increased

Sales tax has increased 3.8% (2012 vs. 2011)





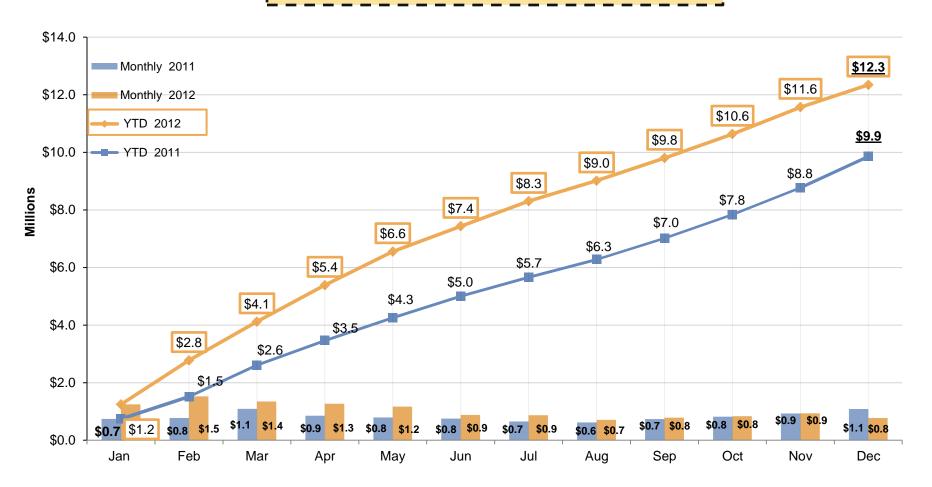
Hotel/Motel sales tax collections have increased

Hotel/Motel sales tax has increased 29% (2012 vs. 2011)



Parking Enforcement and Collections have increased

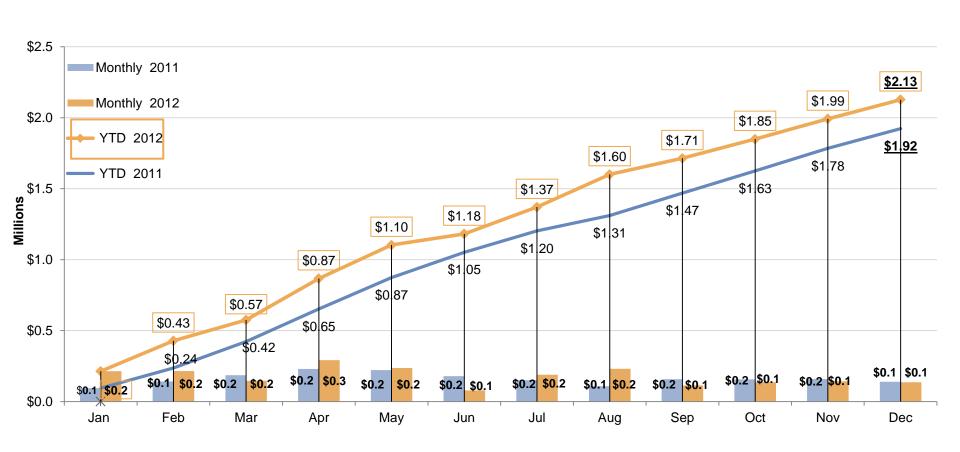
Parking collections have increased 24% (2012 vs. 2011)





Towing and collections have also increased

Towing and parking collections have increased 11% (2012 vs. 2011)



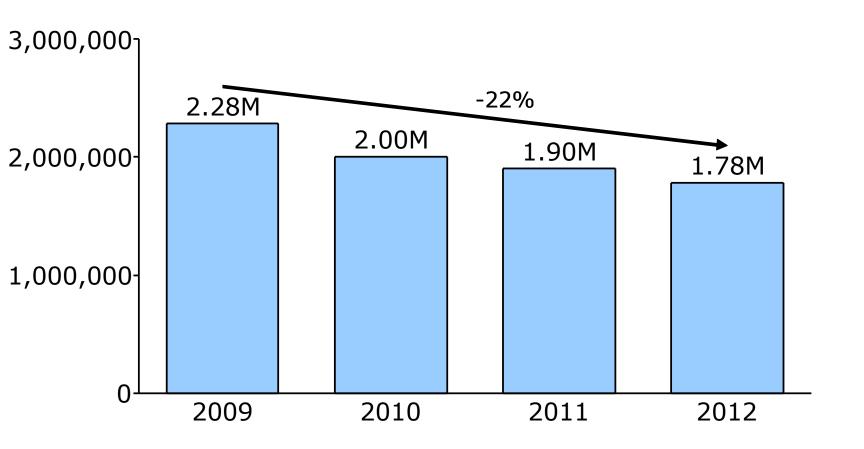
Sanitation Collections have increased over the last year

Sanitation Collections have increased 7% (2012 vs. 2011)



Elimination of 484 take home vehicles resulted in a 22% decrease in *Fuel Consumption*



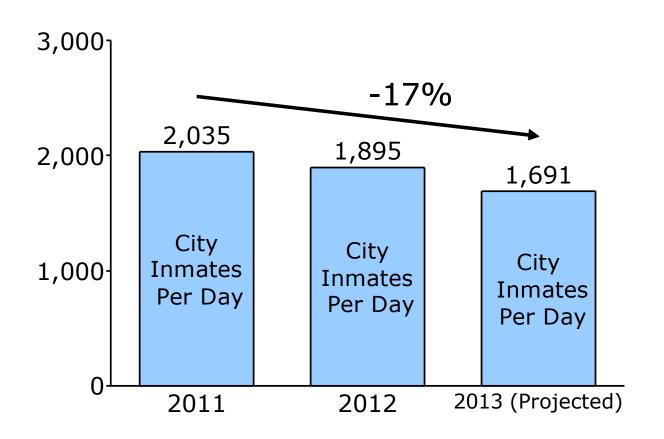




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- Impact of Sheriff Consent Decree

The number of city inmates housed by the Sheriff has decreased by 17% since 2011



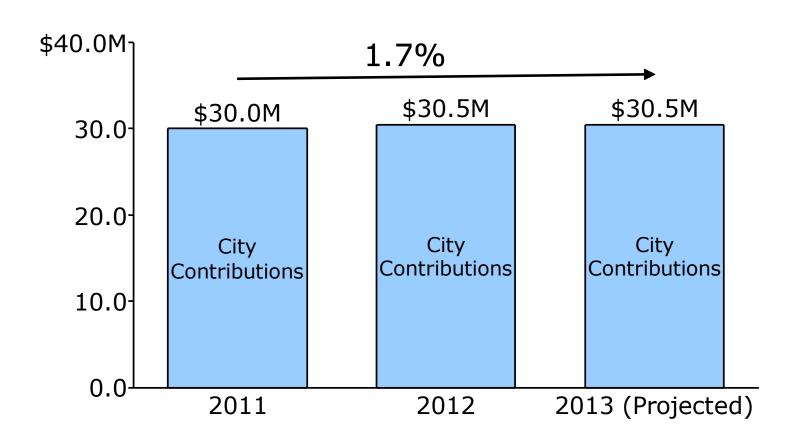


- Improved policing practices
- Increased use of summonses instead of arrests
- Implementation of pre-trial services have also led to the decrease number of prisoners housed

Note: Chart is based on actual daily average inmates

While the funding to the Sheriff has increased 1.7% over the same period

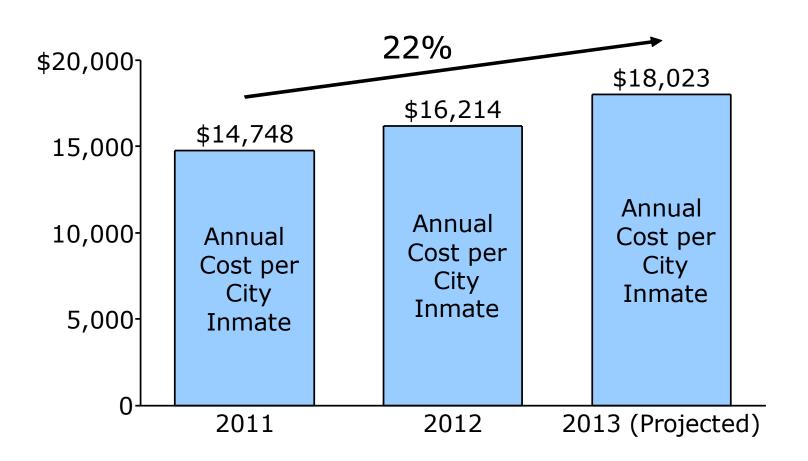




Note: Includes City appropriation, Court Security, and other contributions made through Fuel, Utilities, Employer Health Care, and Workers Compensation

Therefore, the funding provided by the City has risen 22% per city inmate



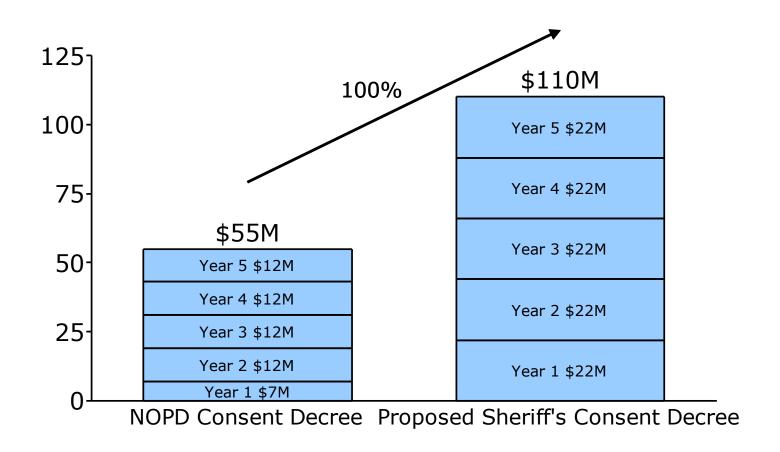


Note: Chart depicts local prisoners only



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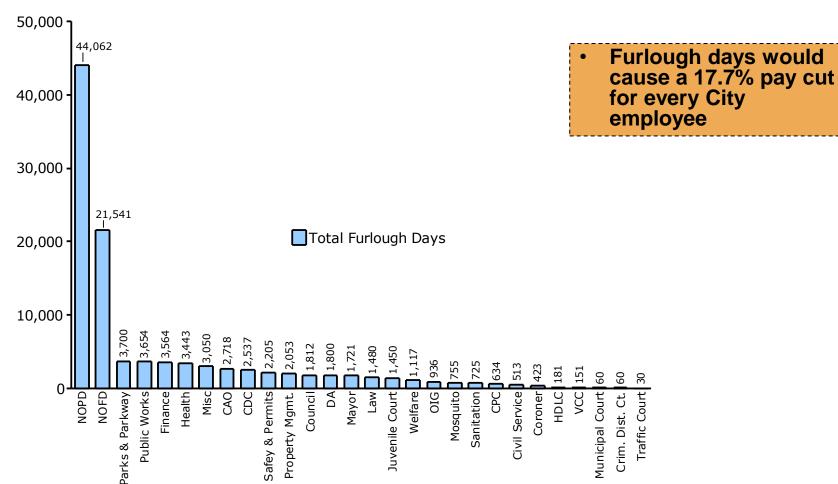
A \$22M annual judgment for the Sheriff's Consent Decree will cost twice as much as the Police Consent Decree over a 5 year period



The impact of a \$22M judgment for the Jail Consent Decree will cause a significant decrease in services

Option #1 : Furloughs Only

 30 Furlough days would be required for every City employee in 2013 to cover Consent Decree costs (Total of 106,375 furlough days across the City)



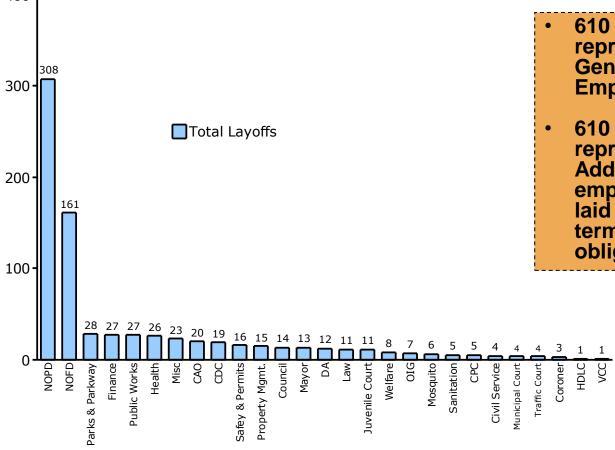
The impact of a \$22M judgment for the Jail Consent Jones Decree will cause a significant decrease in services



Option #2: Layoffs Only

 779 City employees would need to be laid off to provide budget for \$22M Jail Consent Decree

400



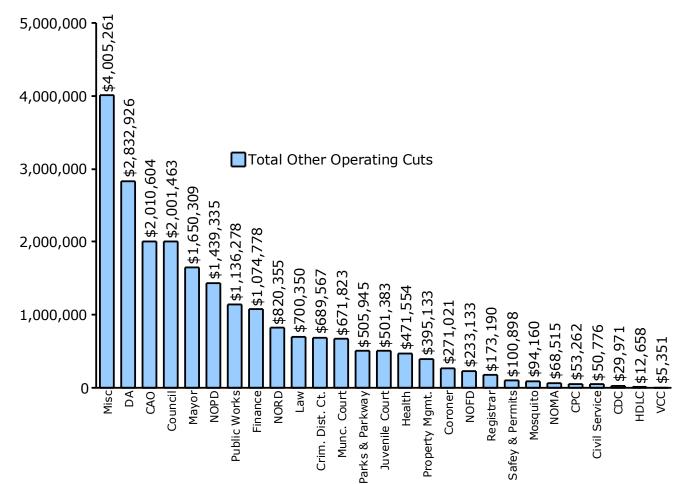
- 610 employees represent 17% of all General Fund Employees
- 610 employees represents \$22M.
 Additional 169 employees must be laid off to cover terminal leave obligations

The impact of a \$22M judgment for the Jail Consent Decree will cause a significant decrease in services



Option #3: Other Operating Cuts

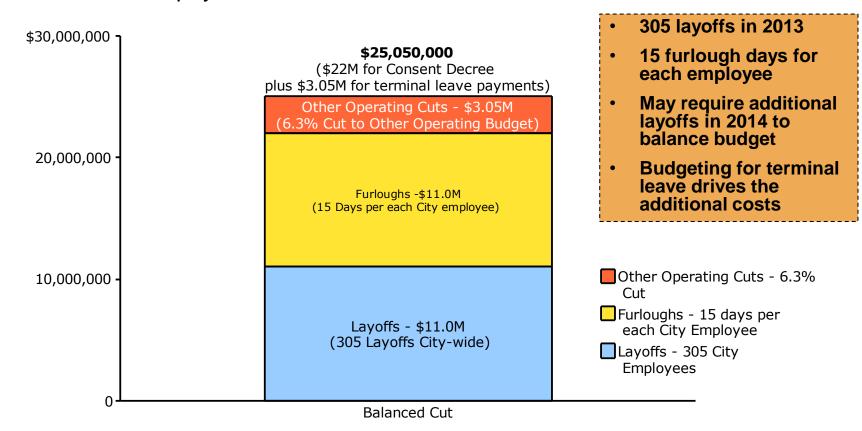
 45% of discretionary other operating budget would need to be cut, leaving most departments without the ability to function



The impact of a \$22M judgment for the Jail Consent J Decree will cause a significant decrease in services

Option #4: Balanced Approach

 305 layoffs, 15 Furlough days per employee, and a 6.3% cut in Other Operating would provide the necessary \$22M for jail consent decree and \$3.05M to cover terminal leave payments



The impact of a \$22M judgment for the Jail Conse Decree will cause a significant decrease in services

Option #4: Balanced Approach

 305 layoffs, 15 Furlough days per employee, and a 6.3% cut in Other Operating would provide the necessary \$22M for jail consent decree and \$3.05M to cover terminal leave payments

Department	Layoffs	Furlough Days	Other Operating Cut	Depa
Council	5	900	\$277,476	HDLC
Mayor	5	855	\$228,793	VCC
CAO	8	1350	\$278,743	City F
Law	4	735	\$97,094	Mosq
NOFD	63	10699	\$32,321	Muse
Safety & Permits	6	1095	\$13,988	Misc.
NOPD	117	21885	\$199,544	NOR
Sanitation	2	360	\$0	Inspe
Health	1	180	\$18,906	Distri
EMS	9	1530	\$46,468	Coror
Human Services	3	555	\$0	Juver
Finance	10	1770	\$149,003	Muni
Property Management	6	1020	\$54,780	Traffi
Civil Service	1	255	\$7,039	Crimi
Public Works	11	1815	\$157,529	Crimi
Parks & Parkway	11	1838	\$70,142	Clerk
				Dogic

Department	Layoffs	Furlough Days	Other Operating Cut
HDLC	1	90	\$1,755
VCC	0	75	\$742
City Planning Commission	2	315	\$7,384
Mosquito Control	2	375	\$13,054
Museum of Art	0	0	\$9,499
Misc.	2	195	\$557,174
NORD	7	1320	\$111,832
Inspector General	3	465	\$0
District Attorney	6	900	\$392,747
Coroner	1	210	\$37,573
Juvenile Court	4	720	\$69,510
Municipal Court	2	30	\$93,139
Traffic Court	2	30	\$0
Criminal District Court	2	30	\$95,599
Criminal Sheriff	0	0	\$0
Clerk of Criminal District Court	7	1260	\$4,155
Registrar of Voters	0	0	\$24,010



Potential Departmental Impacts (1/6)

- NOPD would cancel the 2013 recruit classes and reduce staffing in each district by 8 officers to reduce staffing by 117. The furloughs would result in ten percent fewer officers on duty at all times for the last 7 months of 2013, thereby increasing response times significantly.
- NOFD would close five fire stations and place nine fire companies out of service to reduce staffing by 63.
- <u>EMS</u> response times would increase significantly with 9 fewer employees and the loss of 1530 work days due to furloughs.



Potential Departmental Impacts (2/6)

- City Hall would be closed to the public on 15 Fridays due to the layoff days required.
- NORD would eliminate 7 teen camps and little league tackle football, while not opening four neighborhood pools this summer and keeping recreation centers closed on Saturdays.
- Finance would reduce staff by ten and the effects would be felt on our tax enforcement efforts, which we recently stepped up and have been producing revenue gains.



Potential Departmental Impacts (3/6)

- <u>DPW</u> would reduce streetlight repairs by 50%, catch basin cleanings by 33%, would eliminate all street striping work, would delay bond funded street improvements until 2014, would close the autopound at 10 p.m. instead of 1 a.m., and issue permits and operate the traffic ticket hearing center only three days per week.
- Parks and Parkways would decrease mowing efforts by 23%, the time required to address non emergency tree work would grow by five weeks and emergency tree work would go from "same day" to "next day."



Potential Departmental Impacts (4/6)

- Property Management would dramatically reduce the number of work orders for repairs in city buildings it completes, eliminate 2nd shift staffing by engineers in city courts, and have significantly longer wait times for the public in the real estate and records division.
- Safety and Permits would lose 4 building inspectors and develop a backlog of approximately 2500 delayed inspections by yearend; permit processing time at the One Stop Shop would increase 45%; the Taxi Cab Bureau would no longer have enforcement staff on duty 24 hours a day.



Potential Departmental Impacts (5/6)

- HDLC and VCC backlogs would increase significantly as would processing time in the One Stop Shop.
- The City Attorney's Office would decrease ABO prosecutions, contract processing time, blighted property research and prosecutions, and support of departments on personnel matters.
- The Health Department would eliminate the position supporting FITNOLA, would serve 200 fewer homeless patients at the homeless health clinic, would serve 100 fewer Healthy Start clients, make 600 fewer WIC visits, and register 100 fewer medical special needs patients.



Potential Departmental Impacts (6/6)

- Sanitation would decrease its enforcement capability by laying off a Ranger; litter and debris removal would decrease on major thoroughfares and in the French Quarter residential neighborhood due to the furlough days and layoff of a laborer.
- Mosquito and Termite Control response to rodent and mosquito service requests will grow from 2 days to more than 10 days.